

Biggest Banks are Bigger, Advantage for the Too Big To Fail

WASHINGTON D.C. – “The recession has ended in name only” while “Main Street has largely suffered alone” are some of the observations made in a sobering and at times scathing report that will be released tomorrow by the [Special Inspector General of the Troubled Asset Relief Program \(SIGTARP\) Neil Barofsky](#)

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According to the report’s Executive Summary: “TARP has failed to ‘increase lending,’ with small businesses in particular unable to secure badly needed credit...overall lending continues to contract, despite the hundreds of billions of TARP dollars provided to banks with the express purpose to increase lending...unemployment continues to hold at roughly 9.6%, 3% higher than at the start of the program. While large bonuses are returning to Wall Street, the nation’s poverty rate increased from 13.2% in 2008 to 14.3% in 2009, and for far too many, the recession has ended in name only.”

"This report calls into significant question the very credibility and competence of the Treasury Department," responded Rep. Darrell Issa (R-CA), the Ranking Member of the House Committee on Oversight and Government Reform. "At some point, the Obama Administration should stop fighting with the Inspector General and actually be honest with themselves about the failures within TARP and work to repair the damage that has been done with the public's trust."

According to the report: "The most specific of TARP's Main Street goals, 'preserving homeownership,' has so far fallen woefully short, with TARP's portion of the Administration's mortgage modification program yielding only approximately 207,000 (out of 467,000) ongoing permanent modifications since TARP's inception, a number that stands in stark contrast to the 5.5 million homes receiving foreclosure filings and more than 1.7 million homes that have been lost to foreclosures since January 2009."

"Perhaps the most disturbing finding in this report is that 'the biggest banks are bigger than ever' and the sentiment that the 'larger too big to fail' banks enjoy a significant advantage as a result of government support," said Issa. "The government has rewarded bad behavior while failing to do enough to deter that behavior from ever happening again. Ultimately, it's the American people who have to shoulder the burden when things go wrong. Meanwhile, the Obama Administration is once again too pre-occupied with the public relations surrounding the bailout and not focused on acknowledging what's gone wrong and how to fix it."

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